

## TOURISM

Budget Summary						FTE Position Summary				
Fund	2010-11 Adjusted Base	Governor		2011-13 Change Over Base Year Doubled		2010-11	Governor		2012-13 Over 2010-11	
		2011-12	2012-13	Amount	%		2011-12	2012-13	Number	%
GPR	\$2,876,500	\$3,502,100	\$5,846,200	\$3,595,300	62.5%	30.45	30.00	30.00	- 0.45	- 1.5%
FED	0	755,500	755,500	1,511,000	N.A.	0.00	1.00	1.00	1.00	N.A.
PR	8,669,500	9,899,700	9,899,700	2,460,400	14.2	1.00	1.00	1.00	0.00	0.0
SEG	<u>2,428,600</u>	<u>2,430,300</u>	<u>2,430,300</u>	<u>3,400</u>	0.1	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>0.00</u>	0.0
TOTAL	\$13,974,600	\$16,587,600	\$18,931,700	\$7,570,100	27.1%	34.45	35.00	35.00	0.55	1.6%

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS

**Governor:** Provide adjustments to the agency base budget for: (a) full funding of salary and fringe benefits for continuing positions [\$286,100 GPR annually, \$4,600 PR annually, and \$14,600 SEG annually]; (b) reclassifications and semiautomatic pay progressions [\$26,500 GPR annually]; (c) full funding of lease costs and other directed moves [-\$38,200 GPR annually, -\$6,700 PR annually, and -\$1,200 SEG annually]; and (d) minor transfers within appropriations [(1) within the PR appropriation for law enforcement services at the Kickapoo Valley Reserve, reallocate \$17,900 from limited-term employee and other miscellaneous salaries to \$14,400 in supplies and services and \$3,500 in fringe benefits; and (2) within the conservation fund SEG appropriation for Kickapoo Valley Reserve general operations, transfer \$2,000 for permanent property acquisition to supplies and services].

GPR	\$548,800
PR	- 4,200
SEG	<u>26,800</u>
Total	\$571,400

#### 2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

**Governor:** Delete \$144,400 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$129,100 GPR, \$3,600 PR, and \$11,700 SEG. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance costs reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

GPR	- \$258,200
PR	- 7,200
SEG	<u>- 23,400</u>
Total	- \$288,800

### 3. ELIMINATE LONG-TERM VACANCIES

**Governor:** Delete \$200,900 annually and 3.45 positions from Tourism's general operations appropriation to reflect the elimination of long-term vacant positions under the bill. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

	Funding	Positions
GPR	- \$401,800	- 3.45

### 4. BUDGET REDUCTIONS

**Governor:** Reduce Tourism general operations funding by \$64,800 annually associated with a 10% reduction to supplies and other non-personnel costs.

GPR	- \$129,600
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### 5. TOURISM MARKETING FUNDING

**Governor:** Provide \$2,344,100 GPR in 2012-13 and \$1,191,000 tribal gaming PR annually for tourism marketing and promotion. Tourism has the following base funding for marketing and promotion activities: (a) \$8,213,600 tribal gaming PR; (b) \$1,597,100 transportation fund SEG; and (c) \$160,000 tribal gaming PR for grants to regional tourism information centers (TICs). Although the statutes contain a GPR marketing appropriation, no expenditure authority has been granted since \$5,186,400 was appropriated in 2004-05.

GPR	\$2,344,100
PR	<u>2,382,000</u>
Total	\$4,726,100

The following table shows the funding Tourism would have available for marketing activities in 2011-13 under the bill, including reductions under standard budget adjustments:

#### Tourism Marketing Appropriations Governor

Appropriation	Base	2011-12		2012-13	
		Change	Total	Change	Total
Tourism marketing (GPR)	\$0	\$0	\$0	\$2,344,100	\$2,344,100
Tourism marketing (Tribal PR)	8,213,600	1,184,300	9,397,900	1,184,300	9,397,900
TIC grants (Tribal PR)	160,000	0	160,000	0	160,000
Tourism marketing (Transportation SEG)	<u>1,597,100</u>	<u>-1,200</u>	<u>1,595,900</u>	<u>-1,200</u>	<u>1,595,900</u>
Total	\$9,970,700	\$1,183,100	\$11,153,800	\$3,527,200	\$13,497,900

Tourism marketing appropriations fund a variety of activities, including: (a) advertising campaigns throughout Wisconsin and neighboring states to draw visitors to attractions; (b) joint effort marketing grants, which are disbursed to local organizations to assist with the promotion of seasonal, one-time, or new events, or notable destinations; (c) cooperative marketing efforts, in which Tourism makes advertising space available to Wisconsin businesses under banner ads or in e-mails as a means of providing such attractions with lower-cost options for reaching certain audiences; and (d) statutory earmarks for various activities. Tourism marketing expenditures in 2009-10 totaled \$8.8 million.

## 6. TRANSFER ARTS BOARD TO DEPARTMENT OF TOURISM

**Governor:** Amend the statutory authorization for the Arts Board to delete references to administrative attachment to Tourism for limited purposes. Instead, specify the Arts Board is created in the Department of Tourism. Place statutory authorizations for Arts Board programs in subchapter III of Chapter 41 (Department of Tourism). Require the Tourism Secretary to appoint the Executive Secretary of the Arts Board, and specify that the Executive Secretary would serve outside the classified service and at the pleasure of the Tourism Secretary. Specify that all incumbent employees of the Arts Board would be transferred to Tourism on the effective date of the bill and that transferred employees would hold the same rights and status under state employment and civil service provisions as were held immediately prior to transfer.

	<b>Funding</b>	<b>Positions</b>
GPR	\$1,492,000	3.00
FED	1,511,000	1.00
PR	<u>89,800</u>	<u>0.00</u>
Total	\$3,092,800	4.00

Create a program for support of arts projects in Tourism and transfer the following appropriations: (a) general program operations [GPR]; (b) state aid for the arts [GPR]; (c) portraits of governors [GPR]; (d) arts challenge initiative grants [GPR]; (e) grants to the Milwaukee Foundation, Inc., for the High Point fund [GPR]; (f) the Wisconsin regranting program [GPR]; (g) gifts and grants for use in Arts Board operations [PR]; (h) gifts and grants for use in aids to individuals and organizations [PR]; (i) support of arts programs by the Wisconsin Artistic Endowment Foundation [PR]; (j) state aid for the arts for American Indian groups [tribal gaming PR]; (k) federal funds for Arts Board operations [FED]; and (L) federal funds for Arts Board grants and aids [FED].

Provide authority for expenditures and positions as shown in the following table:

### Arts Board Budget and Positions

<u>Appropriation</u>	<u>Source</u>	<u>Annual Funding</u>	<u>Positions</u>
General operations	GPR	\$270,000	3.00
State aid for the arts	GPR	359,300	---
Wisconsin regranting program	GPR	116,700	---
Gifts and grants - operations	PR	20,000	---
State aid for the arts - American Indian groups	PR	24,900	---
Federal funds - operations	FED	231,000	1.00
Federal funds - grants and aids	FED	<u>524,500</u>	<u>---</u>
Total		\$1,546,400	4.00

Three positions listed above would be in the classified service, and the Executive Secretary position would be unclassified. (A technical correction to the state budget system would be required to reconcile with the bill.)

Under current law, the Arts Board is administratively attached to Tourism. Statutory provisions for administrative attachment provide that any duties assigned to an agency as prescribed by law are to be carried out independently of the administrative attachment. This

includes rule-making procedures, licensing and regulation, or operations planning. Budget management, program coordination and other general functions are governed by the administrative attachment. For example, the Arts Board under current law retains the ability to establish its own program policies through its agency budget, including requesting changes to annual expenditure amounts. However, administrative aspects of budgeting, such as the submission of budget requests to the Department of Administration are carried out by Tourism.

Under the bill, the Arts Board would become a part of Tourism, and all aspects of the Board's functions would come under the direction of the Tourism Secretary. The Executive Secretary of the Arts Board would be akin to a division administrator in other agencies. The composition of the 15-member Arts Board would not be changed. [See entries under "Arts Board" for additional information.]

[Bill Sections: 168, 503 thru 517, 739, 1182, 1183, 1187 thru 1219, 1229 thru 1236, 1742 thru 1745, 2867, 2868, and 9104(2)]

## **7. REPLACEMENT OF CLASSIFIED POSITIONS WITH UNCLASSIFIED POSITIONS**

**Governor:** Delete 1.0 GPR classified position and provide 1.0 GPR unclassified position under Tourism's general operations appropriation.

Under 2011 Act 10, 38 classified positions are transferred into the unclassified service to serve as division administrators. Act 10 redefined "administrators" to include "other managerial positions determined by an appointing authority." The State Budget Office indicates that personnel from three separate employment areas (attorney services positions, communications positions, and legislative liaison positions) would be moved from classified to unclassified service within specified agencies. The revised unclassified positions would be renamed as either chief legal advisors, communications directors, or legislative advisors. Individuals in these unclassified positions would be at-will employees appointed by the heads of the respective agencies.

The provisions in the 2011-13 biennial budget bill effectuate the intent of Act 10 in regards to the transfer of classified positions to unclassified positions as recommended by the Governor.

## **8. TRANSFER FILM PRODUCTION TAX CREDIT ADMINISTRATION TO TOURISM**

**Governor:** Transfer administration of accreditation for the film production services tax credit and the film production company investment tax credit from the Department of Commerce (Commerce) to Tourism. Tourism would assume responsibilities for determining accredited productions and associated film production companies that would be eligible for each credit. Tourism would also assume responsibilities for determining the following: (a) for accredited productions, production expenses incurred during a taxable year; and (b) for film production

companies, eligible expenses related to establishing a film production company. Tourism would be required to provide the Department of Revenue notification of eligible production costs for each accredited production, and also to provide to claimants a certification of the investments related to establishing a film production company in the state.

The bill would also provide Tourism with rule-making authority, under which the Department would likely specify procedures for determining accreditation and the cost bases on which claimants would seek tax credits. Commerce currently carries out such duties under administrative rule Comm 133. Also, the statutes specify claimants of the film production services tax credit must submit a fee with an application for accreditation, with the fee being 2% of the budgeted production expenditures up to \$5,000. Commerce reports the fee has generated revenues of \$5,100 as of March, 2011, since its creation under 2009 Act 28. Tourism would use an existing PR continuing appropriation for gifts, grants, and other proceeds for any tax credit application fees.

Under current law, companies can be certified for tax credits of up to \$500,000 annually for certain film production-related expenditures. [See related entries under "General Fund Taxes -- Income and Franchise Taxes" for more information.]

[Bill Sections: 1874 thru 1877, 2004 thru 2007, 2115 thru 2118, and 3368]